COLLÈGE UNIVERSITAIRE DE SAINT-BONIFACE

Consolidated Financial Statements
For the year ended March 31, 2008

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Auditors' Report

To the Legislative Assembly of Manitoba
To the Board of Governors of the **Collège universitaire de Saint-Boniface**

We have audited the consolidated statement of financial position of **Collège universitaire de Saint-Boniface** as at March 31, 2008, and the consolidated statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of **Collège universitaire de Saint-Boniface's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of **Collège universitaire de Saint-Boniface** as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP
Chartered Accountants

Winnipeg, Manitoba
May 7, 2008

COLLÈGE UNIVERSITAIRE DE SAINT-BONIFACE
Consolidated Statement of Financial Position

As at March 31	2008	2007
	$000	$000
Assets		
Current assets		
Cash (note 3)	182	-
Accounts receivable and other assets	5,029	4,044
	5,211	4,044
Investments (note 4)	19,142	19,958
Capital assets (note 5)	12,346	12,555
	36,699	36,557
Liabilities and Fund Balances		
Current liabilities		
Bank overdraft (note 3)	-	44
Accounts payable and accrued liabilities	3,557	3,663
Deferred income	406	523
Deferred contributions (note 6)	1,121	978
	5,084	5,208
Commitments (note 8)		
Fund Balances		
Unrestricted	1,284	1,257
Internally restricted (note 9)	8,709	8,657
Investment in capital assets	12,346	12,555
Endowment	9,276	8,880
	31,615	31,349
	36,699	36,557

Approved by Collège universitaire de Saint-Boniface board of governors.

_____Chair

_____President

The accompanying notes are an integral part of these consolidated statements.

COLLÈGE UNIVERSITAIRE DE SAINT-BONIFACE
Consolidated Statement of Changes in Fund Balances

For the year ended March 31

	Unrestricted	Internally Restricted (note 9)	Investment in Capital Assets	Endowment	2008	2007
	$000	$000	$000	$000	$000	$000
Balance, beginning of year as previously Reported	1,257	8,657	12,555	8,880	31,349	30,663
Change in accounting policy (note 11)	(18)	-	-	(14)	(32)	-
Balance, beginning of year, as restated	1,239	8,657	12,555	8,866	31,317	30,663
Excess (deficiency) of revenues over expenses for the year	441	-	(553)	410	298	686
Appropriated to internally restricted fund (note 9)						
Interest income	(137)	137	-	-	-	-
Strategic projects	85	(85)	-	-	-	-
	(52)	52	-	-	-	-
Interfund transfers						
Capital assets purchased	(344)	-	344	-	-	-
Net change for year	(45)	52	(209)	410	298	686
Balance, end of year	1,284	8,709	12,346	9,276	31,615	31,349

The accompanying notes are an integral part of these consolidated statements.

COLLÈGE UNIVERSITAIRE DE SAINT-BONIFACE
Consolidated Statement of Operations

For the year ended March 31	2008	2007
	$000	$000
Revenues		
Grants - provincial	11,342	10,816
- federal	4,805	4,043
Tuition fees	3,379	3,318
Other revenues	1,791	1,668
Donations	646	589
Investment income	322	846
	22,285	21,280
Expenses		
Salaries and fringe benefits	15,100	14,193
Supplies and other expenses	4,715	4,289
Amortization	783	870
Utilities	615	398
Travel and conferences	521	434
Scholarships and awards	253	410
	21,987	20,594
Excess of revenues over expenses for the year	298	686

The accompanying notes are an integral part of these consolidated statements.

COLLÈGE UNIVERSITAIRE DE SAINT-BONIFACE
Consolidated Statement of Cash Flows

For the year ended March 31	2008	2007
	$000	$000
Cash flows from operating activities		
Excess of revenues over expenses for the year	298	686
Items not affecting cash flow		
Amortization – capital assets	783	870
	1,081	1,556
Decrease (increase) in working capital		
Accounts receivable and other assets	(985)	(956)
Accounts payable and accrued liabilities	(106)	155
Deferred income	(117)	(153)
Deferred contributions	143	382
	16	984
Cash flows from investing activities	-	-
Cash flows from investing activities		
Purchase of capital assets	(574)	(853)
Decrease (increase) in investments	784	346
	210	(1,199)
Net increase (decrease) in cash and cash equivalents	226	(215)
Cash and cash equivalents, beginning of year	(44)	171
Cash and cash equivalents, end of year	182	(44

The accompanying notes are an integral part of these consolidated statements.

As at March 31, 2008

1. Authority and objectives

The **Collège universitaire de Saint-Boniface** (CUSB) was incorporated in the Province of Manitoba in 1871. It is governed by its board of governors and operates under the authority of *Le Collège universitaire de Saint-Boniface Act*, C.C.S.M. c. C150.2.

The CUSB's objectives are to meet the educational needs of Manitoba's and Canada's Francophone communities and to promote their linguistic, cultural, economic and social well-being. In order to achieve these objectives, the CUSB provides a broad range of opportunities in the areas of education and research.

The CUSB is a registered charity and is therefore exempt from the payment of income tax, pursuant to Section 149 of the *Income Tax Act*.

2. Summary of Significant Accounting Policies and Reporting Practices

Accounting Policy

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. CUSB has adopted the fund accounting method and the restricted fund method of recognizing contributions. Restricted contributions are recognized as revenue in the year in which corresponding expenses are incurred. Unrestricted contributions are recognized as revenue when received. Endowment contributions are recognized as direct increases in net assets, as are contributions providing for the acquisition and development of capital assets.

CUSB has three main funds: General Operations, Endowment and Capital Assets.

The General Operations fund accounts for CUSB program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants. It includes but is not limited to the following operations and activities:

- university (Secteur Universitaire);
- community college (École technique et professionnelle);
- continuing education (Éducation permanente);
- Institut Joseph-Dubuc;
- Centre de recherche which includes the Centre d'études franco-canadiennes de l'ouest, and contributions for research;
- special projects and certain administrative operations, i.e. IT operations and activities related to the residences and special purposes other than capital asset acquisition and development (Fonds administratif);
- internally restricted funds.

2. Summary of Significant Accounting Policies and Reporting Practices (cont'd)

Accounting Policy (cont'd)

The Endowment fund reports the resources contributed for student awards such as bursaries and scholarships. Investment income earned on these resources is reported in the Endowment fund.

Capital Assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair market value at the date of donation. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which are

Buildings and improvements	60 years
Equipment, furniture and furnishings	10 years
Information Technology hardware and software	5 years

Amortization is reported in the Capital Assets Fund.

Library acquisitions (books, periodicals, video, audio, etc.) are catalogued and expensed in the year of acquisition. The rare book collection, most of which is donated, is inventoried and insured, but its contents are not recorded and amortized as capital assets. No estimate of the cost of this collection is available.

Gifts-in-kind are occasionally received by CUSB. Their fair market value is reported if it is possible to provide a reasonable estimate thereof. Gifts-in-kind are not amortized. The value of such gifts received during the period ended March 31, 2008 was approximately $24,000 and not deemed significant in prior years.

Inventories

Purchases of supplies are expensed in the year of acquisition; the value of inventories is considered insignificant and not recorded at year-end. CUSB contracts out food services and does not operate a bookstore.

2. **Summary of Significant Accounting Policies and Reporting Practices (cont'd)**

Financial Instruments

The fair value of cash or cash equivalents, accounts receivable and accounts payable and accrued liabilities is close to their book value due to the short-term nature of these instruments. The fair value of the short-term and long-term investments is estimated on the basis of either the current market price for similar issues or the current rate for similar debts guaranteed by the government, for the same term.

The CUSB did not acquire any derivative products, whether as instruments against foreign exchange or interest rate risk or to manage foreign exchange positions.

The CUSB records its financial instruments in one of the following categories based on the reasons underlying the acquisition of the asset. The CUSB's accounting policy for each category is as follows:

Loans and receivables – These assets are non-derivative financial assets that are created as a result of monies or other assets being made available to a borrower by a lender, subject to a promise to repay on one or more specific dates or on demand. This category includes accounts receivable and accrued interest. They are initially recorded at fair value, and subsequently at their non-amortized cost, using the effective interest method, less any provision for loss in value.

Financial assets held for transaction purposes - These financial assets include capital investments and debt instruments. They are recorded at fair value with variations inherent to fair value entered in the statement of operations. Transaction costs related to instruments held for transaction purposes are recorded as expenses when incurred. Fair value is determined through direct reference to prices published on an active market.

Other financial liabilities – This category consists of all financial liabilities other than those held for transaction purposes and includes more particularly accounts payable and accrued liabilities. These financial liabilities are recorded at fair value and subsequently at their non-amortized cost, using the effective interest method.

Realized and non-realized interest, dividends, gains and losses are recorded as *Investment income* in the Statement of Operations.

Conversion of foreign currency

Amounts related to the purchase and sale of investments as well as to dividend and interest revenue in a foreign currency are converted into Canadian dollars at the prevailing exchange rate at the end of the month. Realized and non-realized losses or gains on investments in a foreign currency are recorded as *Investment income* in the Statement of Operations.

2. Summary of Significant Accounting Policies and Reporting Practices (cont'd)

Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the General Operations fund in the year in which the related expenses are incurred, or the project or activity is completed. All other restricted contributions are recognized as revenue of the appropriate restricted fund, being either the Endowment or the Capital Assets fund.

Unrestricted contributions are recognized as revenue of the General Operations fund in the year received.

Contributions for endowment are recognized as revenue in the Endowment fund. Investment income earned on Endowment fund resources, whether restricted or unrestricted, is recognized as revenue of the Endowment fund. As the purpose of contributions to the Endowment fund is to provide student awards such as bursaries and scholarships, and as investment income earned on resources contributed for these purposes is related, the Endowment fund in its entirety is considered an externally restricted fund, not to be used for any purpose other than for student awards.

Other investment income, as earned on non-Endowment resources, is recognized as revenue of the General Operations fund.

Internally Restricted Funds

The Board of Governors has established provisions for various known and unexpected purposes, events and circumstances. These provisions represent transfers of unrestricted assets from the General Operations fund.

Each year, the Board makes determinations as to withdrawals from and additions to these provisions. A Board policy governs the process of establishing, discontinuing, adding to and withdrawing from these provisions.

Volunteer Services

Volunteers contribute hundreds of hours per year to assist CUSB programs and activities. Notwithstanding the substantial value of these services, because of the difficulty of determining their fair value, volunteer services are not recognized in the financial statements.

3. Cash

CUSB has a line of credit to a maximum of $1,000,000 bearing interest at prime plus 0.25%. This line of credit was not being used as at March 31, 2008.

4. Investments

	2008 Market Value $000	2007 Cost $000
Cash and short-term fixed interest securities	2,290	9,620
Long-term fixed interest securities	11,366	10,184
Canadian shares	3,083	83
American shares	1,213	18
Foreign shares	1,178	41
Other	12	12
	19,142	19,958

The fair market value of investments as at March 31, 2007 was $19,926,517.

5. Capital Assets

			2008	2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$000	$000	$000	$000
Buildings and improvements	17,487	7,535	9,952	10,042
Equipment, furniture and furnishings	4,864	2,914	1,950	1,944
Computer hardware and software	6,170	5,726	444	569
	28,521	16,175	12,346	12,555

6. Deferred Contributions

Deferred contributions represent unspent contributions received for specific projects and activities, and unspent funds for externally restricted purposes. Changes in the deferred contributions are as follows:

	2008	2007
	$000	$000
Balance, beginning of year	978	596
Contributions received	970	1,916
Transfers to revenue	(827)	(1,534)
Net change in year	143	382
Balance, end of year	1,121	978

7. Employee Benefit and Pension Plan Obligations

Employee future benefits other than pension, represent medical, dental and life insurance and disability plan commitments, met jointly through premiums to insurers by CUSB and its employees. CUSB has a self-insured short-term disability plan, and meets these costs as absences due to illness or accident arise. Faculty study and sabbatical leaves are expenses in the year taken. CUSB accrues a liability for the future vacations of its faculty and other staff, and with respect to administrative leaves.

CUSB's pension plan is a money-purchase plan; its required contributions to these plans represent CUSB's full obligation, and there is no contingent liability related to the investment performance of the plan.

8. Commitments

CUSB has lease obligations that cover equipment integral to operations. The lease obligations expire at various dates over the next five years. These lease contracts require annual payment of less than $85,000 per annum.

9. Internally Restricted Fund Balances

	Opening	Transactions Additions	Withdrawals	Closing
	$000	$000	$000	$000
Bursary and scholarship	2,172	35	-	2,207
Fundraising campaign/ gift-matching	1,084	17	-	1,101
Strategic projects	1,321	20	(85)	1,256
Major capital projects	1,677	27	-	1,704
Transition funding for programs and services	2,403	38	-	2,441
	8,657	137	(85)	8,709

In accordance with the current policy, internally restricted funds bear interest at the consumer price index rate of 1.6% (2.3% in 2006-07) per annum; this to protect the balances of the funds from inflation.

Internally restricted funds include unrestricted fund balances of the General Operations Fund that are designated as internally restricted by the board of governors.

A brief description of each internally restricted fund follows:

Bursary and Scholarship - investment income on the balance of this fund is available to enhance the annual budgetary allocation to student awards derived from the externally restricted fund dedicated to endowment as well as annual gifts and grants.

Fundraising Campaign / Gift Matching - these funds are available to supplement, as required, resources available for the purpose of organizing a major fundraising campaign and for the gift- and contributions matching program.

Strategic Projects – these funds are used to make up the difference between the amounts needed and the resources available to complete projects or to undertake short-term strategic projects. The following project categories have been selected among others:

a) research – funds available to supplement the General Operating Fund used for research projects undertaken by professors;

9. Internally Restricted Fund Balances (cont'd)

b) library – funds available to supplement the General Operating Fund in order to purchase teaching and research materials;

c) recruitment, marketing, student support, language support, safety program and other operating projects: funds available to supplement basic needs on a case by case basis when available resources are insufficient.

Major Capital Projects – funds available to carry out preliminary phases of expansion projects at the CUSB, to cover a portion of capital costs for projects or to acquire additional capital property.

Transition Funding for Programs and Services – funds available to maintain, over the short term, programs or services affected by a decrease in government funding or a partial or total withdrawal of funding.

10. Estimates

In accordance with Canadian accepted accounting principles, the preparation of financial statements requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from the best estimates made by management, as additional information becomes available.

11. Change in Accounting Policy

The CUSB adopted new accounting standards published in Chapter 3855, entitled *Financial Instruments – Recognition and Measurement* and related chapters of the Canadian Institute of Chartered Accountants Handbook. This change in accounting policy was adopted and will be applied for all future reporting as of April 1, 2007, but was not applied to the statements for the previous year. The new standards allow financial instruments to be assessed at their fair value, which affects the evaluation of investments.

A transition adjustment resulting from this change was recorded in the opening balance of the unrestricted fund (decrease of $17,927) and in the opening balance of the Endowment Fund (decrease of $13,862). Similar decreases were recorded in Investments in the Statement of Financial Position.

12. Financial Risk Management

During the course of its normal activities, the CUSB is exposed to varying degrees of risk including market risk and fluctuations in the exchange rate. The CUSB's goal with respect to risk management is to optimize the risk-return ratio within defined limits, by applying management and risk-management strategies, policies and processes that are integrated in all CUSB activities.

Market risk – Market risk is the risk of variation in the fair value of financial instruments resulting from fluctuations in the parameters affecting their value, particularly interest rate, exchange rate and volatility.

Marketable securities held by the CUSB are subject to market risk. The value of these financial instruments fluctuates based on changes in prevailing market prices or factors affecting the value of the related investments, such as interest rates, consumer price index, economic uncertainty, legislative amendments and national and international political conditions.

Foreign exchange risk – Fluctuations in the value of the Canadian dollar relative to foreign currencies affect the value, in Canadian dollars, of all marketable securities held by the CUSB. These fluctuations could reduce, even eliminate, all returns made on foreign securities. The foreign exchange position could increase the volatility of foreign investments relative to Canadian investments.

12. Comparative Figures

Some figures for the preceding financial period were reclassified to ensure consistency with the presentation for the current period.

COLLÈGE UNIVERSITAIRE DE SAINT-BONIFACE
Detailed Schedule of Financial Position by Fund

As at March 31

	General Operations $000	Capital Assets $000	Endowment $000	2008 $000	2007 $000
Assets					
Current assets					
Cash (note 3)	182	-	-	182	-
Accounts receivable and other assets	4,832	-	197	5,029	4,044
	5,014	-	197	5,211	4,044
Investments (note 4)	10,309	-	8,833	19,142	19,958
Capital assets (note 5)	-	12,346	-	12,346	12,555
Interfund balance	(246)	-	246	-	-
	15,077	12,346	9,276	36,699	36,557
Liabilities and Fund Balances					
Current liabilities					
Bank overdraft (note 3)	-	-	-	-	44
Accounts payable and accrued liabilities	3,557	-	-	3,557	3,663
Deferred income	406	-	-	406	523
Deferred contributions (note 6)	1,121	-	-	1,121	978
	5,084	-	-	5,084	5,208
Commitments (note 8)					
Fund balances					
Unrestricted	1,284	-	-	1,284	1,257
Internally restricted (note 9)	8,709	-	-	8,709	8,657
Investment in capital assets	-	12,346	-	12,346	12,555
Endowment	-	-	9,276	9,276	8,880
	9,993	12,346	9,276	31,615	31,349
	15,077	12,346	9,276	36,699	36,557

COLLÈGE UNIVERSITAIRE DE SAINT-BONIFACE
Detailed Schedule of Operations by Fund

For the year ended March 31

	General Operations $000	Capital Assets $000	Endowment $000	2008 $000	2007 $000
Revenues					
Provincial grants	11,329	13	-	11,342	10,816
Federal grants	4,588	217	-	4,805	4,043
Tuition fees	3,379	-	-	3,379	3,318
Other revenues	1,785	-	6	1,791	1,668
Donations	-	-	646	646	589
Investment income	223	-	99	322	846
	21,304	230	751	22,285	21,280
Expenses					
Salaries and employee benefits	15,100	-	-	15,100	14,193
Supplies and other expenses	4,553	-	162	4,715	4,289
Amortization	-	783	-	783	870
Utilities	615	-	-	615	398
Travel and conferences	521	-	-	521	434
Scholarships and awards	74	-	179	253	410
	20,863	783	341	21,987	20,594
Excess (deficiency) of revenues over expenses for the year	441	(553)	410	298	686

COLLÈGE UNIVERSITAIRE DE SAINT-BONIFACE
Detailed Schedule of Operations – General Operations Fund

For the year ended March 31

	University	Community college	Continuing education	Admin. fund	Institut Joseph-Dubuc	Research centre	2008	2007
	$000	$000	$000	$000	$000	$000	$000	$000
Revenues								
Provincial grants	7,400	2,857	68	1,004	-	-	11,329	10,514
Federal grants	854	419	203	2,425	261	426	4,588	4,043
Tuition fees	2,311	473	564	31	-	-	3,379	3,318
Other revenues	239	55	517	816	86	72	1,785	1,663
Investment income	-	-	-	223	-	-	223	500
	10,804	3,804	1,352	4,499	347	498	21,304	20,038
Expenses								
Salaries and employee benefits	8,852	3,224	1,111	1,630	90	193	15,100	14,193
Supplies and other expenses	1,797	590	209	1,512	242	203	4,553	4,086
Utilities	285	56	11	263	-	-	615	398
Travel and conferences	162	76	64	121	28	70	521	433
Scholarships and awards	9	7	-	58	-	-	74	204
	11,105	3,953	1,395	3,584	360	466	20,863	19,314
Excess (deficiency) of revenues over expenses for the year	(301)	(149)	(43)	915	(13)	32	441	724